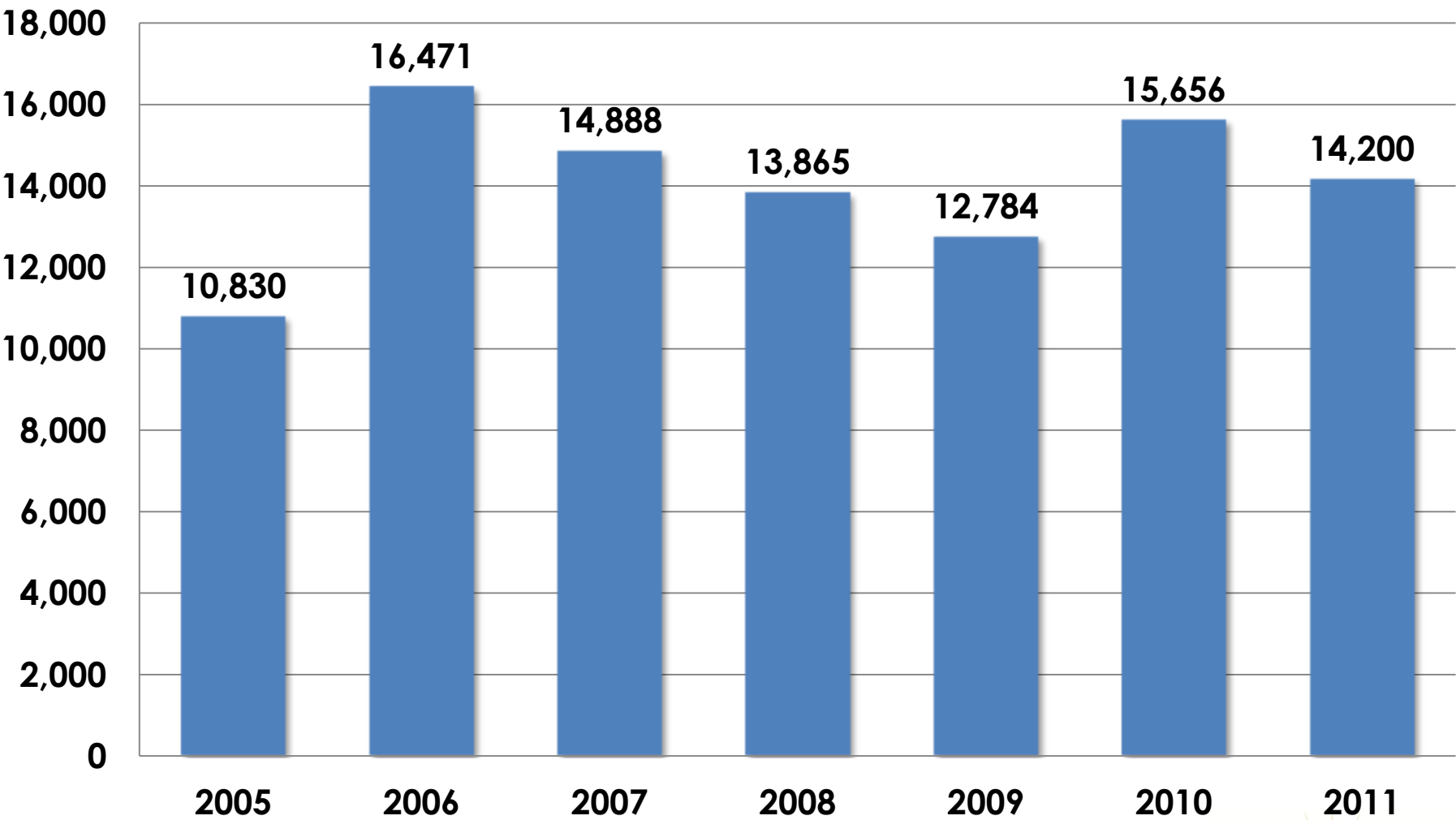




“Government does not create jobs; it only creates the conditions that make jobs more or less likely.”

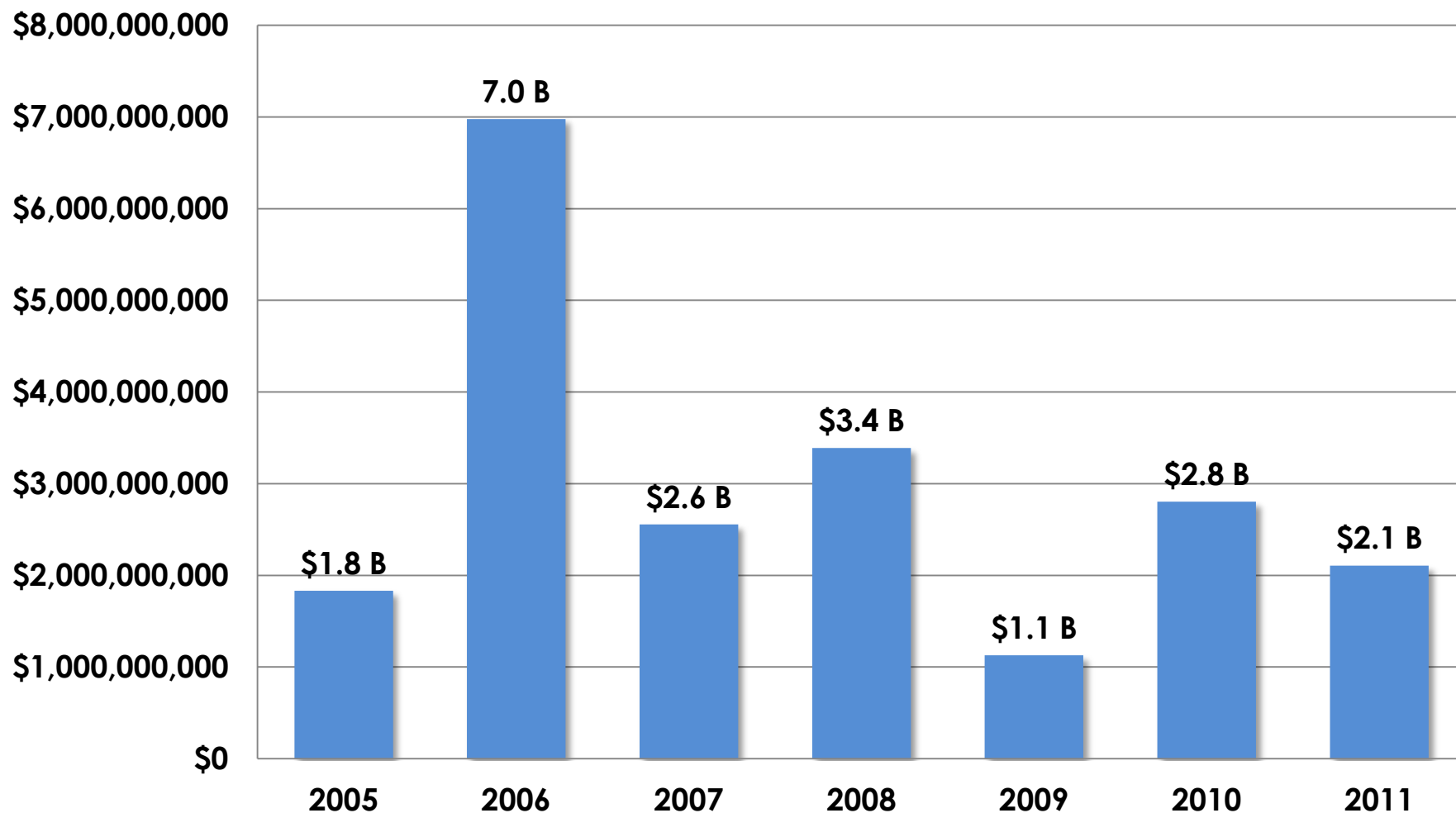
Governor Mitchell E. Daniels, Jr.
State of the State Address, January 18, 2005

Private Sector Job Projections Year-to-Date



• As of 9/13/2011

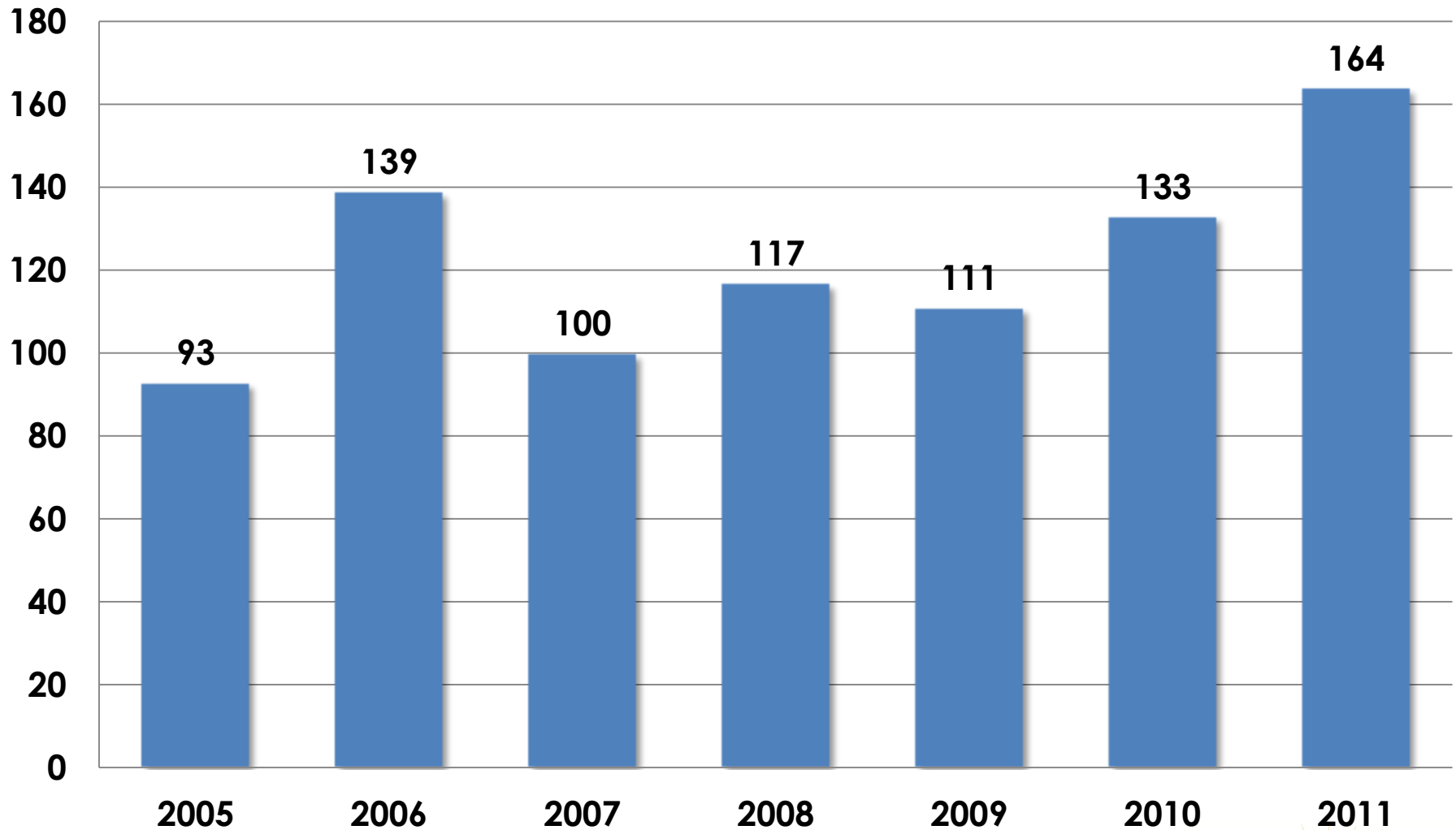
Private Sector Investment Projections Year-to-Date



• As of 9/13/2011

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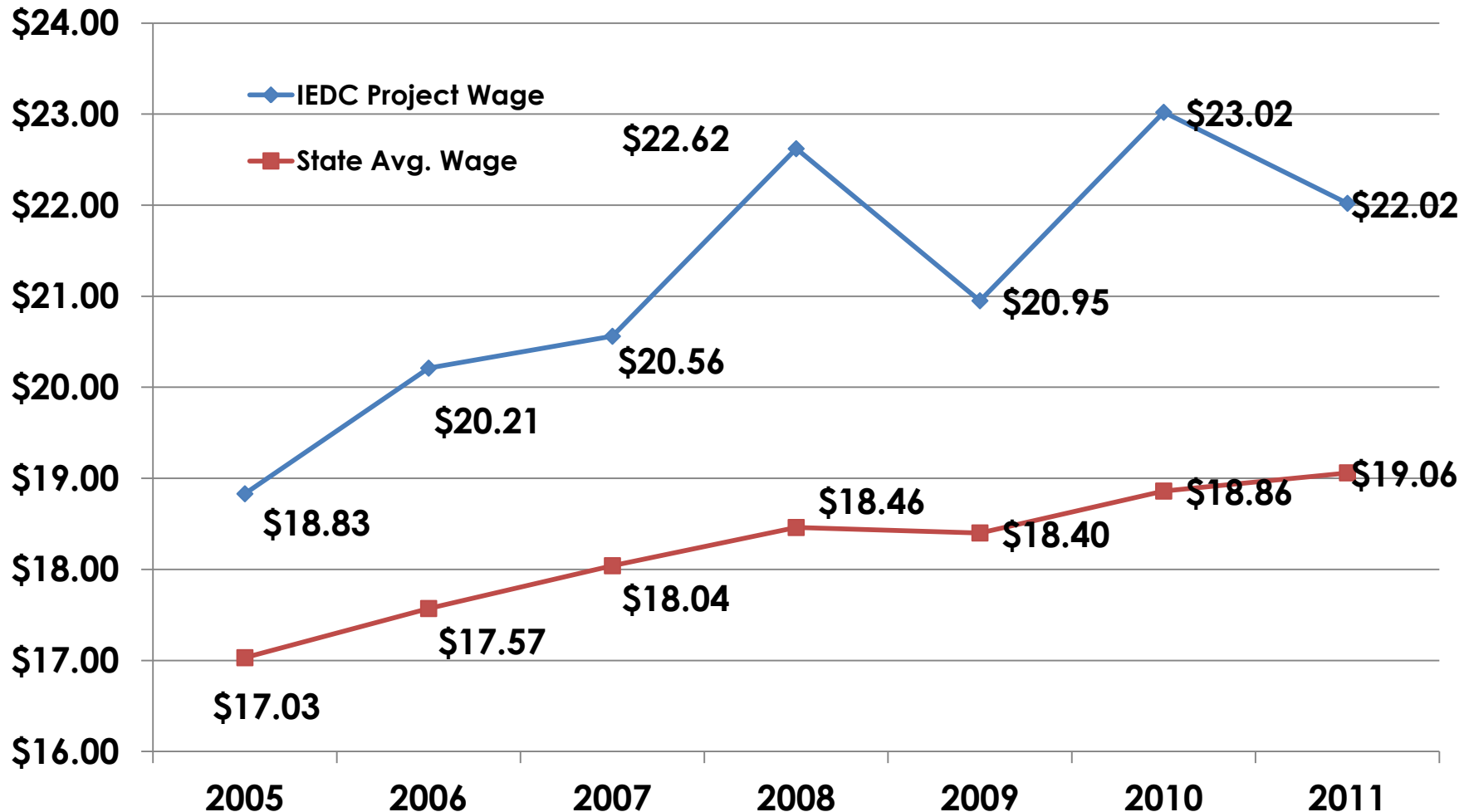
Total Competitive Projects Year-to-Date



• As of 9/13/2011

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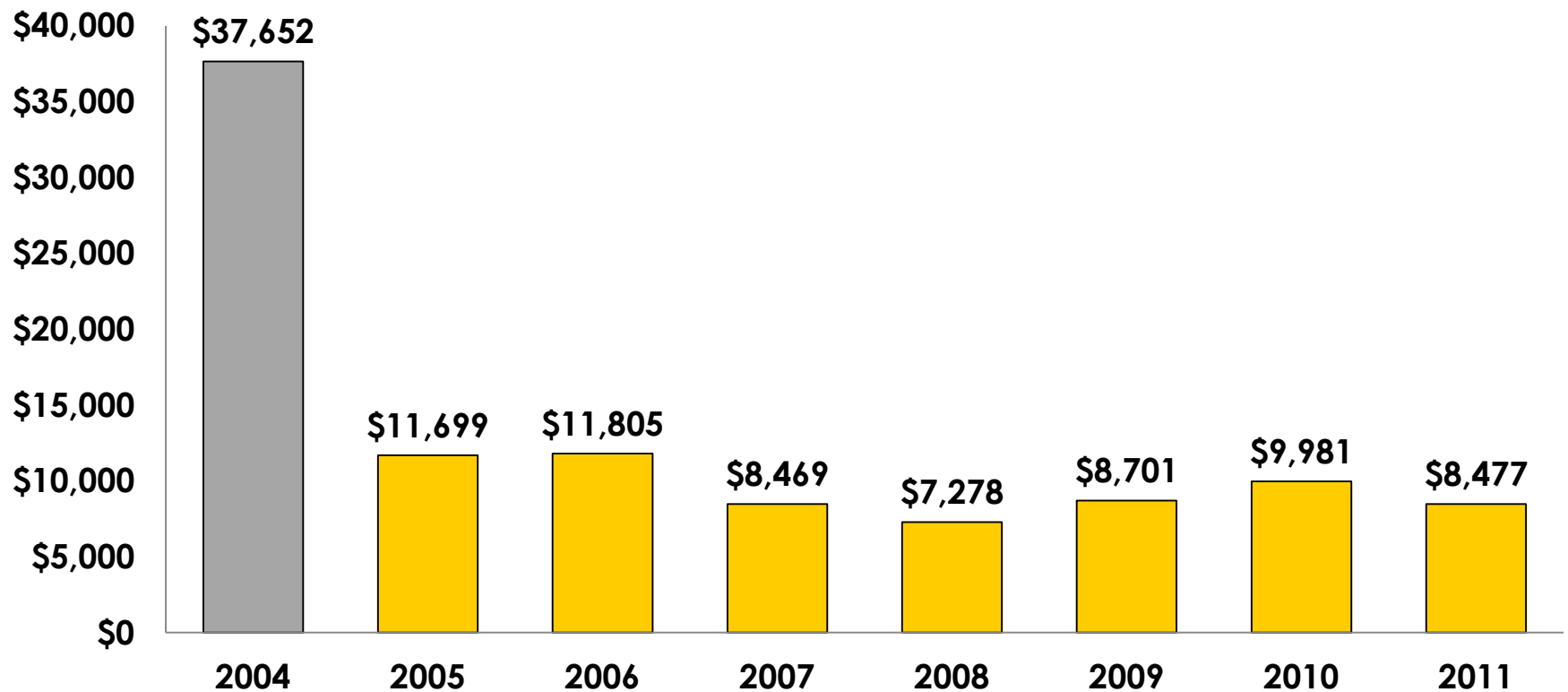
Hoosier Average Wage



• As of 9/13/2011

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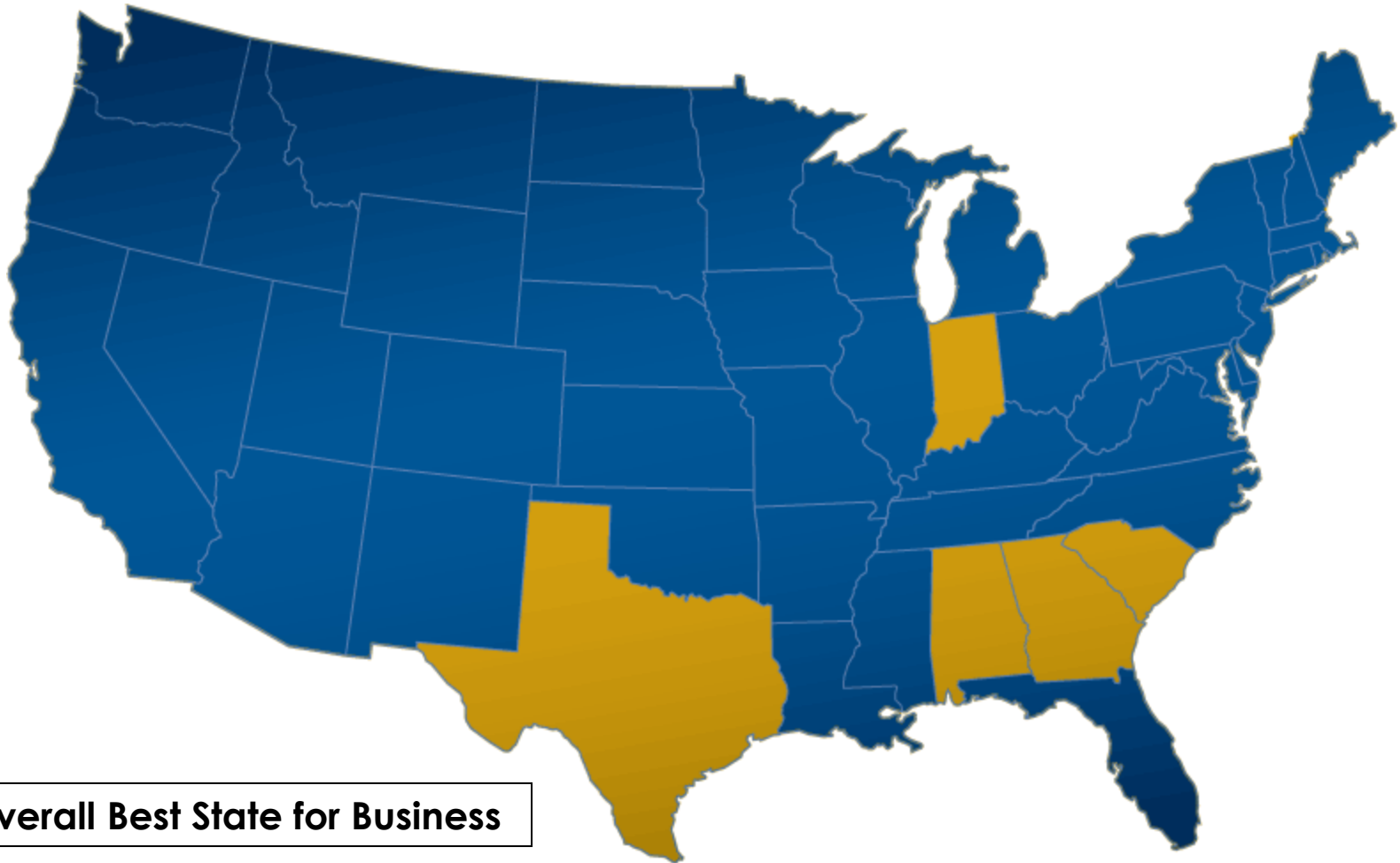
Low Cost of Incentives Yields Quicker Return



- Direct state incentives include tax credits, training grants and infrastructure assistance
- Tax credits are performance-based linked to IEDC certification of new jobs
- Average time of return on investment: approximately 2 years

As of 9/13/2011

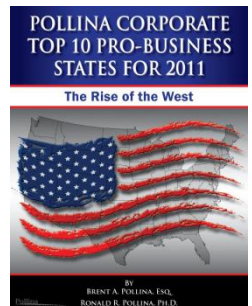
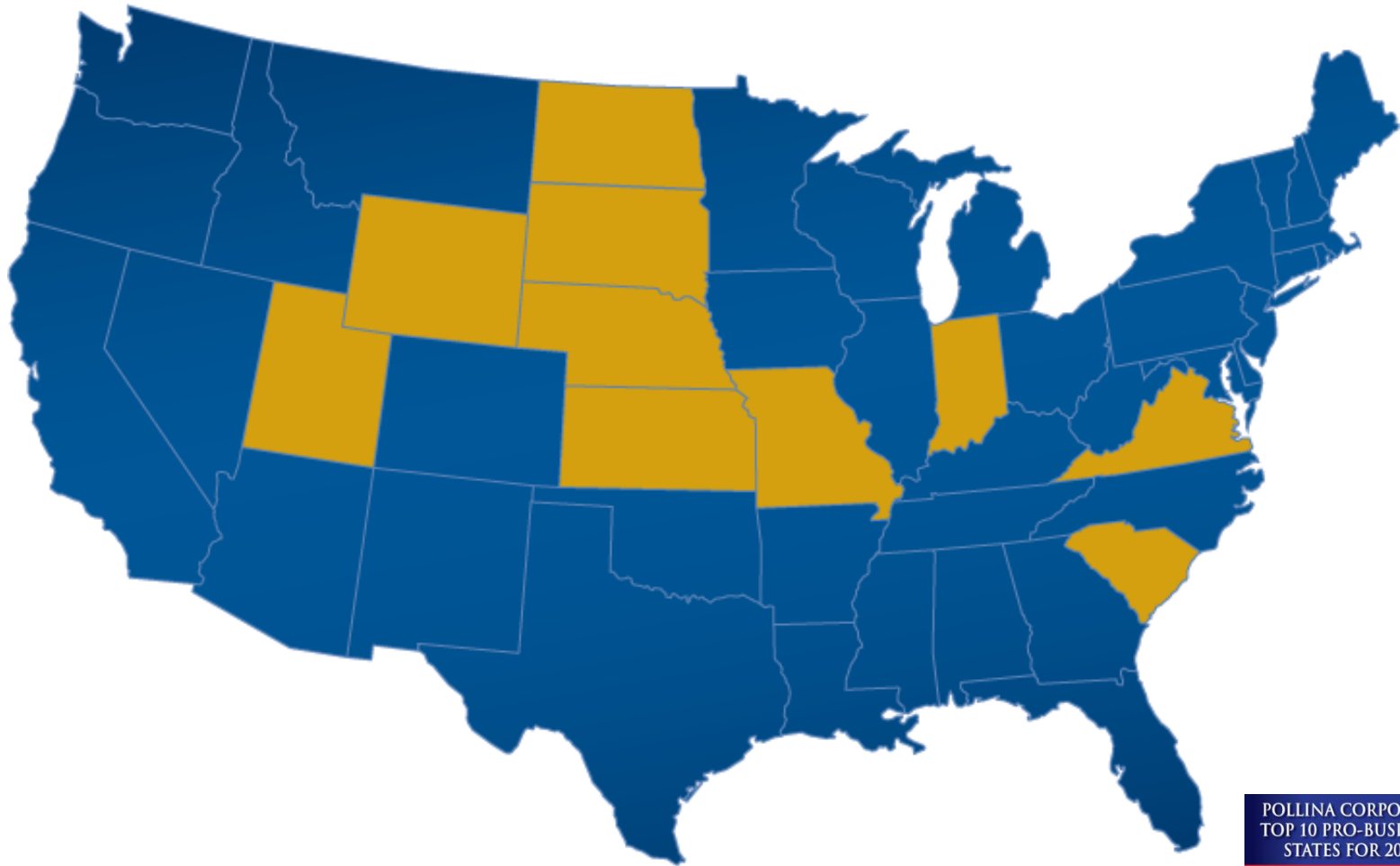
Top State For Business



5th Overall Best State for Business

- 1st Best State for Rail & Highway Accessibility
- 2nd Best State Leading in the Economic Recovery
- Based on site selection consultants' rankings of states

Top 10 Pro-Business States

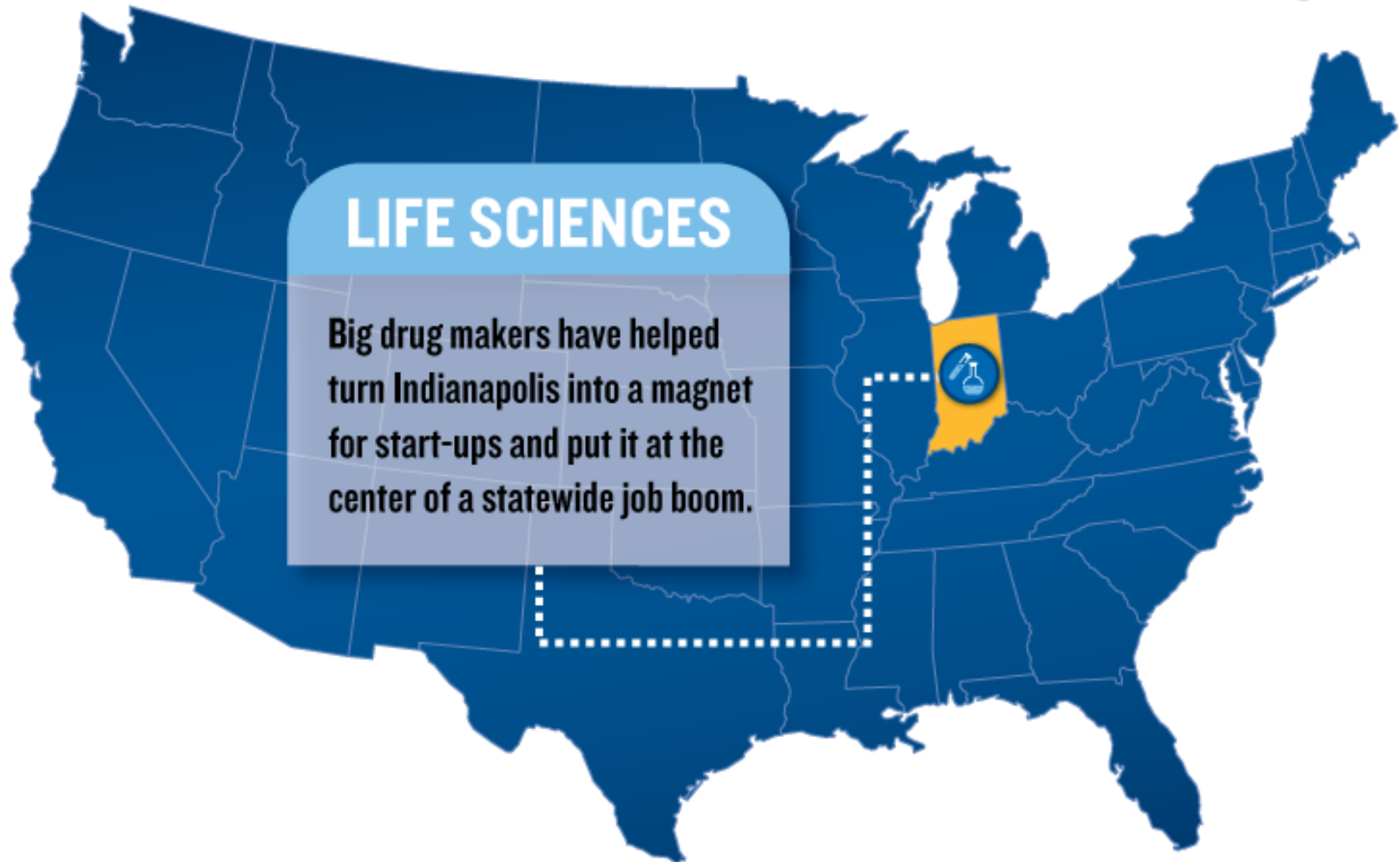


A Midwest Leader and 10TH Nationally

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August 2011

Where the Action is: Life Sciences Business Boom in Indianapolis



Indianapolis ranked as the hottest spot in the country for starting a new life sciences business.

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THE WALL STREET JOURNAL.

August 2011

2010 Job Actualization Overview Updated

Year of Transaction	Total Projects	Canceled Projects	Completed Projects	Non-Reporting Projects	Other Projects	Active Reporting Projects
2005	142	40	12	3	5	82
2006	186	46	28	5	1	106
2007	158	30	25	6	7	90
2008	151	32	18	7	6	88
2009	160	13	5	5	1	136
2010	200	12	0	4	1	183
TOTAL	997	173	88	30	21	685

2010 Job Actualization Analysis Updated

Year of Transaction	Number of Projects From Accepted Reporting Projects	Total Expected New Jobs by 2010 From Accepted Reporting Projects	Net New Jobs Reported in 2010 From Accepted Reporting Projects	Percentage Realization From Accepted Reporting Projects
2005	82	8,596	6,678	78%
2006	106	12,846	10,545	82%
2007	90	10,855	6,313	58%
2008	88	7,295	5,506	75%
2009	136	10,812	8,674	80%
2010	183	4,130	7,431	180%
TOTAL	685	54,534	45,147	83%



Project Loss Report

Brad Foote Gear Works

- Produces large gearing systems for industrial markets
- Projected new jobs: 285
- Projected capital investment: \$13.6 million
- Company considered sites in Northwest Indiana including Hammond

Key Deal Factors: Indiana was removed from consideration based on difficulties in obtaining an incentive offer from the City of Hammond and LEDO inexperience.

Project Win Report

Phoenix Closures

- Illinois-based plastic packaging manufacturer specializing in injection-molded closures for the food and beverage industry
- Projected new jobs: 90
- Projected capital investment: \$29.9 million
- Company selected Greencastle location

Key Deal Factors: The recent Industrial Recovery Tax Credit legislation helped market the vacant building to the company. However, ultimately acceptance was received with EDGE tax credits and SEF training grants.

Pipeline Report Comparison

2010		2011	
TOTAL	83 Projects	TOTAL	81 Projects
	18,648 Jobs		13,300 Jobs
	\$5.3B Investment		\$2.4B Investment
	\$748M Payroll		\$609M Payroll
	\$20.33 Hrly Wage		\$23.48 Hrly Wage

What is Right to Work (RTW)?

- RTW is the freedom for any worker to be employed on the merits of his or her ability, without respect to membership or association with a labor organization.
- RTW protects every worker's right to join or not to join a union.
- RTW prohibits forced membership, dues, and fair share fees.

Arguments For¹

- Freedom of association
- Not forced to pay union dues as a condition of employment
- Many companies use RTW as a litmus test for expansions
- RTW states tend to have lower unemployment rates than non-RTW states²
- RTW states tend to have higher levels of job creation

Arguments Against¹

- "Free-rider" problem
 - Non-union employees could benefit from union services without paying dues
- RTW makes it more difficult for unions to raise money and retain members
- RTW precludes companies from choosing to hire a union-only workforce
- RTW states exhibit lower wages
- RTW states have higher worker fatality rates

¹ Mlive.com

² Boyd Poll

Rankings Depicting RTW Status

CEO Magazine's Best States for Business	
2011 Rank	State
1	Texas
2	North Carolina
3	Florida
4	Tennessee
5	Georgia
6	Indiana

CNBC's Top States for Business	
2011 Rank	State
1	Virginia
2	Texas
3	North Carolina
4	Georgia
5	Colorado
6	Massachusetts
7	Minnesota
8	Utah
9	Iowa
10	Nebraska
11	Kansas
12	Pennsylvania
13(t)	North Dakota
13(t)	South Dakota
15	Indiana

Area Development's Top States for Doing Business	
2010 Rank	State
1	Tennessee
2	Texas
3	South Carolina
4	Alabama
5	Georgia
6	Indiana

Pollina Corporate Real Estate's Top 10 Pro-Business States	
2011 Rank	State
1	Virginia
2	Utah
3	North Dakota
4	Wyoming
5	Nebraska
6	Kansas
7	South Dakota
8	Missouri
9	South Carolina
10	Indiana

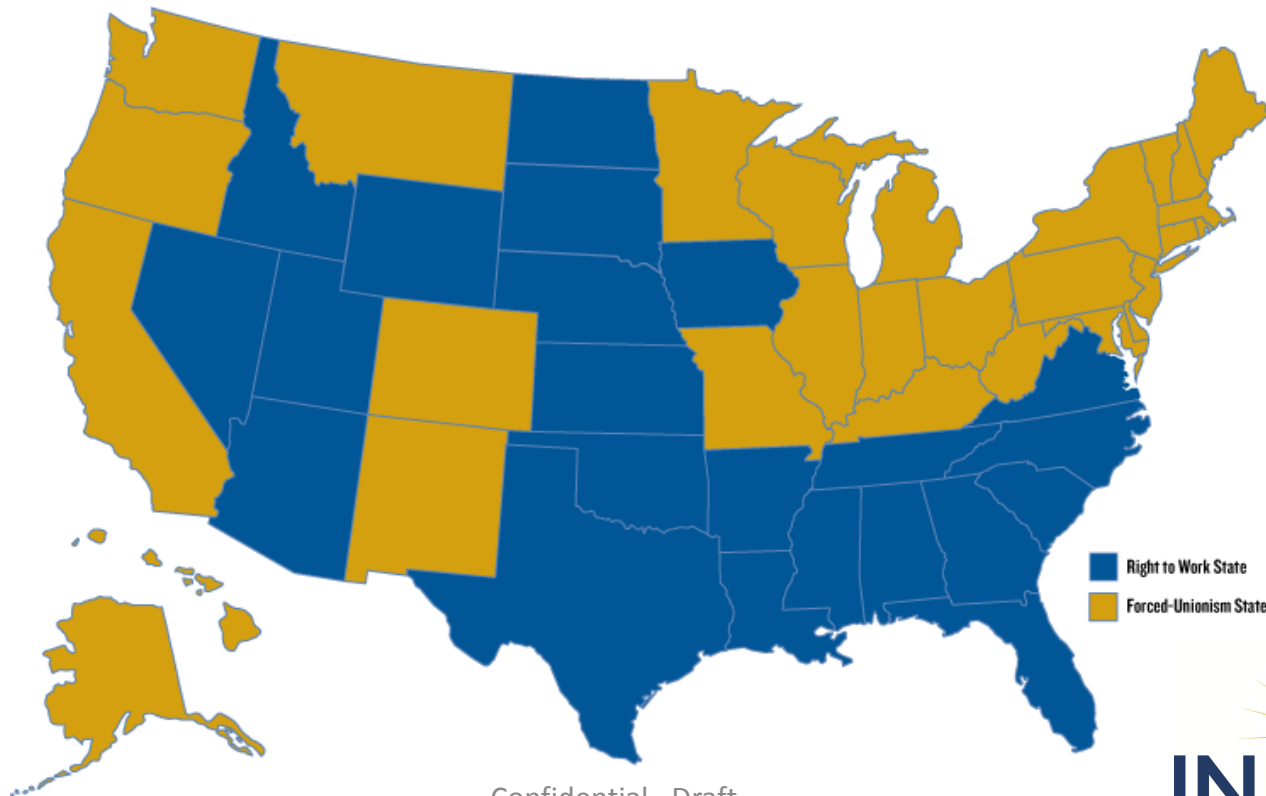
RTW States
Non-RTW States



Right to Work

2011 Legislative Study Committee on Employment

- First meeting held July 26th and was dedicated to issue of RTW.
- Secretary of Commerce Mitch Roob testified that Indiana is eliminated from some company location considerations because it lacks a RTW law.
- The Indiana Chamber and the AFL-CIO both invited speakers to present on their respective sides of the issue (*highlights on following slide*).



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Right to Work Testimony

Highlights of Chamber-invited testimony:

- **Dr. Richard Vedder (Ohio University)** presented his study which concluded that if Indiana had passed RTW in 1977, economic growth would be 11% higher than it is today and workers would earn, on average, \$2,900 more annually.
 - Study titled: Right to Work and Indiana's Economic Future (2011)
- **Paul Kersey (Mackinac Center for Public Policy)** argued that RTW makes unions more accountable to their members by allowing them to no longer be captive to union membership.
 - Study titled: The Effect of Right to Work Laws on Economic Development (2002)
- **Katie Culp (Cassidy Turley)** presented a site selection consultant view, stating that one-third to half of her industrial clients eliminate non-RTW states from consideration.

Highlights of AFL-CIO-invited testimony:

- **Tom McKenna (former Exec. Director of Dept. of Commerce)** stated that he did not see RTW impact economic development during his tenure. He believes RTW is a non-issue and that economic development efforts should focus on economic capacity, human resources and higher education.
- **Marty Wolfson (University of Notre Dame)** stated that his research shows that RTW laws result in lower wages and benefits. He acknowledged that RTW laws may be successful in bringing employers to the state, but that employers seeking lower wages will move abroad.
 - Study titled: Right to Work vs. the Rights of Workers (2011)
- **Prof. Gordon Lafer (University of Oregon)** presented his research which showed that workers in non-RTW states earn \$1,500 more than RTW states after adjusting for cost of living. He also stated that the number of new firms locating in Oklahoma since it became a RTW state in 2001 has fallen by a third.
 - Presentation titled: What's Wrong with Right to Work? (2011)

Right to Work

2011 Boyd Corporate Site Selection Leading Indicator Poll:

In addition to local and site-specific considerations (i.e. operating cost structures, a skilled workforce, an efficient transportation network, a reliable utilities infrastructure, suitable sites & real estate) score from 10 to 1 (10 the most significant) the following 10 state business climate factors as most critical to the site selection process for new manufacturing facilities:

- ✓✓ Availability of Financial Incentives 9.4
- ✓✓ State Environmental Rules and Regulations 8.6
- ✗ **State Right-to-Work Status 7.9**
- ✓✓ State Corporate Income Tax 6.8
- ✓✓ State Tort Climate 6.2
- ✓✓ State Workers Compensation 5.9
- ✓✓ State Sales Tax Levels 4.3
- ✓✓ State Fiscal Health & Budget Practices 2.4
- ✓✓ State Personal Income Tax Levels 2.2
- ✓✓ Accessibility to State Government Agencies 1.3

Results are based on responses from 70 C-level and other senior executives in public and privately-held manufacturing companies (NAICS 31-33). Numbers reflect average score for each factor. Online poll conducted July 18, 2011 to August 12, 2011.

21 Fund: Invest Indiana

Implementation of Best Practices to Maximize Private Sector Participation

- Utilizing 21Fund commitments to attract strategic investment partners at a 2 to 1 ratio
- Deploying entrepreneurs-in-residences to assist 21Fund awardees when necessary
- Reducing initial awards and instituting firm milestone-based disbursements
- Encouraging angel investments by sharing due diligence and linking experienced investors with potential deals
- Identifying critical talent and follow-on funding strategies for 21Fund awardees
- Developing regional strategies to increase “deal-flow” throughout Indiana
- Instituting a new system to collect metrics and compliance information consistent with federal and state program guidelines.

Leverage of 21Fund Budget Allocation (\$30 million)

- \$34.3 million federal SSBCI funding secured by leveraging 21Fund and Elevate Ventures.
- \$14.0 million projected to be secured through Jumpstart initiatives and Elevate Ventures.
- 4 to 1 leverage ratio on investments since 2009 with initial matches and follow-on capital.

21 Fund: 2010-2011 Fiscal Year Activities

21 Fund direct investments

- \$7,950,000 invested
 - 11 companies
 - 5 counties
- \$16,350,000 in private matching capital

SBIR/STTR

- \$3,901,546 in federal funding
 - 30 Phase I awards
 - 27 companies
 - 12 counties
- \$2,120,165 in state matching funding

Direct Investments

AquaSpy

Bostech

Courseload

EnviroSolve Bioenergy

FAST Diagnostics

Nano-Rad

PolicyStat

SonarMed

Sproutbox

Stray Light Optical Technologies

Vocare

For more details, please refer to 21 Fund's 10th Annual Report to the General Assembly

21 Fund: Notable Investment Updates

- **ParaPRO** (Carmel)
 - Launched Natroba™, which eliminates head lice (pediculosis capitis), with a January 2011 approval by the Food and Drug Administration (FDA) as a prescription medication for the topical treatment of head lice infestations in patients four years of age and older.
- **Stray Light Optical Technologies** (Scottsburg)
 - Stray Light Tower Array Fixtures were selected for use on the 2011 NASA shuttle launch tower because of their reliable, high intensity, high color quality light. The towers provided NASA team members and visitors the light they needed to safely navigate their way around the launch area.
- **BidPal** (Indianapolis)
 - Named Best New Product at 2011 BizBash West Event Style Awards. Organizations that use BidPal report, on average, three times more bids per item and an increase in funds raised

21 Fund: Compelling Stories

- **Scale Computing** (Indianapolis)
 - \$2 million investment by the 21 Fund in 2009
 - Raised \$17 million in late 2010, resulting in total of \$31 million raised to date
- **Marcadia Biotech** (Carmel)
 - \$2 million investment by the 21 Fund in 2006
 - Received \$16,000,000 in follow-on funding
 - Secured development arrangements with Eli Lilly, Merck and Roche
 - Acquired by Roche in late 2010 for \$537 million
- **Endocyte** (West Lafayette)
 - Received nearly \$4 million from 21 Fund before 2005
 - Raised over \$90 million in follow-on private funding
 - Raised \$75 million in an initial public offering in early 2011
 - Raised \$66.8 million in recent secondary public offering



“Government does not create jobs; it only creates the conditions that make jobs more or less likely.”

Governor Mitchell E. Daniels, Jr.
State of the State Address, January 18, 2005